



UPDATE TO COMPETITION PLAN

JULY 2014

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EXECUTIVE SUMMARY

Maryland Aviation Administration (MAA) is committed to maximizing opportunities for airlines to provide competitive service and airfares for travel to and from Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall or the Airport). In accordance with the requirements of Section 155 of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21), Pub. L. 106-181, April 5, 2000, codified as Title 49 U.S. code sections 40117(k) and 47106(f), the MAA received Federal Aviation Administration (FAA) approval for a *Competition Plan for Baltimore/Washington International Airport* (the 2001 Plan) and 2002, 2004 and 2009 *Updates to the Competition Plan*, respectively.

MAA has prepared this 2014 Update to the 2009 *Update* under the guidelines provided by the FAA's Program Guidance Letter 04-08, dated September 30, 2004. This update is structured to address the eight areas covered in PGL 04-08 and organized pursuant to the section, "Typical Plan Updates".

MAA continues to demonstrate its commitment to promoting airline competition at BWI Marshall with the policies and procedures reflected in this update. MAA continues to maintain focus on the present needs of the current airlines serving BWI Marshall while continuing to adopt new initiatives to enhance and promote competition.

Upon approval, this 2014 Update will be posted on MAA's website:

www.marylandaviation.com.

SECTION 1: AVAILABILITY OF GATES AND RELATED FACILITIES

1.1 Carriers serving the Airport

Table 1 shows the air carriers serving the Airport as of July 1, 2014. Eight (8) domestic airlines, five (5) international airlines and sixteen (16) regional/commuter affiliates provide scheduled service at the Airport.

Since the 2009 Update, Air Jamaica ceased operations in July 2010, USA3000 ceased operations in October 2011 and Hyannis Air Service (Cape Air) ceased Essential Air Service to the Airport in November 2012. Spirit Airlines, Condor Airlines, and Bahamasair have initiated service at the Airport since the last update. AeroMexico started seasonal charter service to BWI Marshall on July 2, 2014 and Alaska Airlines will start scheduled service on September 2, 2014. AirTran Airways merged with Southwest Airlines and US Airways is in a merger process with American Airlines. Other carriers have ceased or initiated service at the Airport since the *2009 Update* as regional/commuter affiliates of domestic airlines which change routinely at the Airport.

Table 1
AIRLINES SERVING THE AIRPORT AS OF JULY 2014

Domestic Airlines

Alaska Airlines (Sept. 2014)	Spirit Airlines
American Airlines	Southwest Airlines
Delta Air Lines	United Airlines
JetBlue Airways	US Airways

International Airlines

AeroMexico	British Airways
Air Canada	Condor Airlines
Bahamasair	

Regional/Commuter Affiliate Airlines

Air Wisconsin	GoJet
Chautauqua Airlines	Mesa Airlines
Commutair	Piedmont Airlines
Compass Airlines	PSA Airlines
Endeavor Air	Republic Airlines
Envoy	Shuttle America
ExpressJet	

Source: Maryland Aviation Administration

1.2 Process of accommodating new service

MAA's Airline Accommodation Committee, comprised of representatives from the Office of Commercial Management, Air Service Development, Airport Operations, Information Technology, Planning and Engineering divisions, meets regularly to work on issues relating to accommodation of new entrant carriers and service expansion by incumbent carriers. Since the *2009 Update*, MAA has ensured that new entrant carriers including Spirit Airlines, Condor Airlines and Alaska Airlines and expanding carriers such as Southwest Airlines have adequate facilities at the Airport to facilitate their service and growth plans. Future BWI Marshall development plans include replacement of twelve (12) commuter gates on Concourse D with two mainline

domestic gates and expansion of the international gate and aircraft parking capacity on Concourse E.

Since the *2009 Update*, MAA constructed a post-security connector between Concourses B and C (B/C Connector) which enabled Southwest Airlines to expand its operation by leasing three additional gates on Concourse C. Construction of a new connector between Concourses D and E (D/E Connector) will begin in January 2015. The D/E Connector will increase the Airport's international gate capacity by converting two domestic common-use gates to international/domestic swing gates with direct access to the Federal Inspection (FIS) area for arriving international passengers. Additionally, MAA created a 12-position ticket counter in the domestic terminal, outfitted with common-use terminals (CUTE), and is equipping several domestic gates with CUTE. CUTE facilities can be used to accommodate new entrant airlines, such as Alaska Airlines, who may not wish to initially lease space at the Airport. CUTE facilities also enable operators of pre-cleared international flights to work in the domestic terminal facilities. Effective with the new 2014 Use and Lease Agreement, Air Canada became a signatory airline and is operating from CUTE facilities in the domestic terminal at Gate D-7. Bahamasair is operating from Gate D-8, also using CUTE.

1.3 Number of Gates now available at the Airport

As of July 2014, the Airport has eighty (80) gates. There are twelve (12) commuter gates on Concourse D of which eleven (11) are closed due to lack of utilization. The

last of these gates will be closed when US Airways relocates to Concourse C in October 2014. MAA plans to repurpose the number of obsolete commuter gates to gates which will help to accommodate continued domestic and international growth at BWI Marshall. Future long-term plans include constructing two mainline gates in the footprint of the current commuter gate area and a 5-gate expansion of the International Concourse E.

There are currently sixty-eight (68) available gates at BWI Marshall, including forty-four (44) preferential-use leased domestic gates, eighteen (18) common-use domestic gates, and six (6) common-use international gates. Two domestic gates, B-1 and D-27, have closed since the *2009 Update* due to incompatibility with airline fleet size requirements. Concourse C is reduced by one (1) additional domestic gate due to B/C Connector construction. Gates D-1, D-3, D-5 and E-2 are temporarily eliminated during construction of the D/E Connector. Concourse D gates will be renumbered for customer way-finding convenience and current Gate E-2 will not be replaced.

There are no exclusive-use gates at BWI Marshall; all leased gates are preferential-use and the common-use gates are controlled and assigned by MAA.

1.4 Number of gates with common use status; Reason for changes

For the *2009 Update*, BWI had twenty-two (22) common-use gates available to assign. Since that *Update*, United Airlines returned two (2) preferential-use gates to the Airport prior to the execution of the new Use and Lease Agreement on July 1, 2014, and thereby, increased by two (2) the number of common use gates made available to new entrant carriers.

1.5 Gate utilization

Gate utilization increased from 4.4 daily uses stated in the *2009 Update* to 4.7 in Fiscal Year 2014. Airlines continue to upgauge from smaller aircraft to larger aircraft at BWI Marshall. With the merger between Southwest and AirTran, for example, the 117-seat AirTran Boeing 717s are replaced with 143-seat Southwest 737-700s, albeit with some frequency reduction. However, this is offset by Southwest growth at BWI Marshall over the five-year period as well as new service from Spirit Airlines.

1.6 Gate recapture

The gate recapture protocols remain the same since the *2009 Update*.

1.7 RON position allocation methodology since last competition plan update

The Remain Overnight (RON) position allocation methodology at the Airport is unchanged since the *2009 Update*.

SECTION 2: LEASING AND SUB-LEASING ARRANGEMENTS

2.1 Contractual arrangements at the airport

On July 1, 2014, a new Use and Lease Agreement went into effect replacing the Use and Lease Agreement which expired June 30, 2014.

The following changes are included in the new 2014 Use and Lease Agreement:

- The Maximum Gross Landing Weight definition is revised to conform to verifiable FAA-certificated weights. This change creates equity in landing fee billing.
- Curbside check-in space is included in airline leased space.
- Operations and Maintenance (O&M) cost allocations are updated and specifically allocated to the cost centers in which they reside.

A comprehensive list of changes from the 2009 Use and Lease Agreement to the new 2014 Use and Lease Agreement is attached in **Appendix A**. The new 2014 Use and Lease Agreement is attached as **Appendix B**.

2.2 Monitoring sub-lease fees

Policies and procedures for monitoring sub-lease fees and arrangements remain unchanged since the *2009 Update*.

2.3 Availability of third-party ground service providers

There are no major changes since the *2009 Update* in availability of third-party ground service providers. Simplicity Ground Services will begin operating at BWI Marshall in September 2014 as the above and below-wing ground handler for Alaska Airlines.

2.4 Airport policies governing third-party ground service provider access

There are no changes since the *2009 Update* in policies governing third-party ground service provider access. However, BWI Marshall Tenant Directive 402.1, Minimum Standards for Commercial Aeronautical Activities, is being updated to reflect a more streamlined and practical approach to determine a ground service provider's abilities and qualifications to perform contracted services.

2.5 Resolution of any disputes between carriers relating to access

Resolution of any disputes between carriers relating to access at the Airport remain unchanged since the *2009 Update*.

SECTION 3: PATTERNS OF AIR SERVICE

Since the *2009 Update*, carriers at BWI Marshall have initiated scheduled service to the following ten new markets: Aruba; Freeport, Bahamas; Charleston, SC; Frankfurt, Germany; Flint, MI; Grand Rapids, MI; Greenville/Spartanburg, SC; Myrtle Beach, SC; Oakland, CA; and Portland, OR. Eight of the new markets are served by low-cost carriers and three of the new markets are served by new-entrant carriers at BWI Marshall. Additionally, Dallas Love Field service will start in October 2014. Service has been discontinued in the following five markets: Bermuda, Hagerstown, MD, Jackson, MS, Lancaster, PA, and Sarasota, FL.

As outlined in the *2009 Update*, BWI Marshall has an aggressive marketing program and is regularly seeking additional domestic and international service. In the past two years, BWI Marshall secured year-round service to Seattle, a large Origin-Destination (O-D) market long targeted by the Airport, as well as seasonal service to large Origin & Destination markets such as Oakland and Portland, OR.

SECTION 4: GATE ASSIGNMENT POLICY

Gate and RON assignment policies at the Airport remain unchanged since the *2009 Update*.

SECTION 5: GATE USE REQUIREMENTS

There are no changes in the Minimum Use Requirement for preferential use holdrooms in the 2014 Use and Lease Agreement. Similarly, there are no major changes in common-use gate priorities and gate use monitoring since the *2009 Update*.

BWI Marshall's Tenant Directive 401.1 with all published rates, fees and charges effective July, 1, 2014 is attached in **Appendix B** (*Exhibit 16*).

SECTION 6: FINANCIAL CONSTRAINTS

MAA operates under the financial constraints it operated under in the *2009 Update*.

SECTION 7: AIRPORT CONTROLS OVER AIRSIDE AND GROUND SIDE

CAPACITY

There are no major changes in rates and charges or the Airline Concurrence policy at the Airport since the *2009 Update*.

SECTION 8: AIRPORT INTENTION TO BUILD COMMON-USE FACILITIES

BWI Marshall is currently working to increase common-use gate and bag screening capacity to accommodate growth. A 90-foot expansion of the International Concourse (E) is now under construction. This expansion will create space for an in-line bag screening system on the lower level, sterile corridors to the FIS area on a mezzanine level and, on the upper level, a shell for two additional common-use holdrooms to be opened in 2018.

Future growth plans also include two mainline domestic gates in what is now the commuter gate area and an additional 150-foot expansion to the International Concourse (E) which will add five (5) additional international aircraft positions.

APPENDIX A

MAJOR CHANGES FROM THE 2009 USE AND LEASE AGREEMENT TO THE NEW 2014 USE AND LEASE AGREEMENT

- The term of the New Use and Lease Agreement is July 1, 2014 to June 30, 2019.
- The definition of Maximum Gross Landing Weight is revised to conform to verifiable FAA-certificated weights. This change creates equity among airlines in billing for landing fees.
- Curbside check-in space is added to leasable airline space. This change ensures that airlines' who utilize curbside check-in operations pay for the space they use at the Airport.
- 7,000 square feet of terminal space that is unleasable without capital improvements is removed from the Airline leasable square footage.
- The US Airways Concourse D Lease expired February 28, 2013. The separate cost allocations for the Concourse D Lease are eliminated. US Airways now pays the same rates and charges for all of its leased space as other Signatory Airlines.

- Operations and Maintenance (O&M) cost allocations were updated to specifically allocate departmental costs to the cost centers in which they reside. For example, Fire/Rescue and MDTA Police cost allocations were revised based on department activities, service call response areas and post locations between the terminal and airfield cost centers.
- Administrative O&M costs are eliminated from the Boarding Device cost center.
- A Terminal Surcharge of \$1.5 Million per fiscal year is allocated to the Terminal and Baggage Claim cost centers. This is an increase from the \$1.067 Million annual Terminal Surcharge in the 2009 Use and Lease Agreement. The Terminal Surcharge enables the Airport to recover an additional amount from the Signatory Airlines for airline vacant space. The Terminal Surcharge is allocated among the Signatory Airlines based on their related percentage of leased space. The total amount of the Terminal Surcharge cannot be decreased over the term of the 2014 Use and Lease Agreement.

APPENDIX B